

Message Text

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SUBJECT: MILD SOUTHERN REACTION TO AUSTERITY MEASURES

SUMMARY - ON THE WHOLE, REACTION TO THE RECENTLY IMPOSED AUSTERITY PROGRAM HAS BEEN SURPRISINGLY MILD IN THE SOUTH. EXCEPTING AUSTERITY MEASURES WITH DIRECT CONSUMER IMPACT, (E.G. GASOLINE PRICES, TELEPHONE RATES, ETC.) EFFECT OF NEW MEASURES IS NOT CLEARLY UNDERSTOOD HERE, EVEN AT LEVELS SUBSTANTIALLY HIGHER THAN THE "GRASS ROOTS" LEVEL. POLITICALLY, THE DC HAS EMERGED FROM THE "STANGATA" NEARLY UNSCATHED. IT'S THE PCI THAT'S HAVING PROBLEMS EXPLAINING THE NEW MEASURES TO ITS RANK AND FILE.

1. IN GENERAL, THE SOUTH HAS REACTED VERY MILDLY TO THE ARRIVAL

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OF THE LONG ANTICIPATED "STANGATA". EVEN THE EFFECT OF AN OVERNIGHT 25 PERCENT RISE IN THE PRICE OF GASOLINE IS NOT MUCH LIMITED OFFICIAL USE

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DISCUSSED NOW. OF COURSE THERE IS UPSET AND UNHAPPINESS. LIFE

SUDDENLY COSTS A GOOD DEAL MORE. BUT THE UNHAPPINESS HAS REMAINED UNFOCUSED. ANDREOTTI AND THE DC NOT RPT NOT THE VILLAINS OF THE PIECE, THOUGH IT'S DIFFICULT TO SAY WHY NOT. PERHAPS ONE OF THE CONSULATE GENERAL'S CONTACTS SUMMED IT UP WHEN HE SAID "THERE ARE TWO REASONS: FIRST, WE'VE ALL BEEN EXPECTING THE "AUSTERITA'," AND SECONDLY, DEEP DOWN A LOT OF US THINK WE DESERVE IT." THAT MAY BE UNDULY METAPHYSICAL FOR THE AVERAGE INDUSTRIAL WORKER BUT THE FACT IS THAT WORK FORCES WHICH HAVE STRUCK OVER THE COLOR OF PAINT ON THE FACTORY WALL ARE ACTING AS IF NOTHING HAPPENED. SOME OF THIS RESTRAINT IS DUE TO AMBIGUOUS POLICIES ON THE PART OF CISL,CGIL AND UIL CENTRAL LEADERSHIP, BUT IT ALSO SEEMS THAT THE WORKERS JUST AREN'T ALL THAT ANGRY.

2. THE ARCAINE FINANCIAL PROVISIONS OF THE AUSTERITY PROGRAM, SUCH AS THE EXTENSION OF THE IMPORT DEPOSIT SCHEME AND THE TAX ON CURRENCY EXCHANGE, ARE NOT WIDELY UNDERSTOOD HERE. SOPHISTICATED BUSINESSMEN ACT AS IF THE MAJOR EFFECT OF THE EXCHANGE TAX WILL BE TO MAKE THEIR VACATIONS ABROAD MORE EXPENSIVE. INTELLECTUALLY

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THEY MAY KNOW BETTER, BUT THE MEASURES ARE NOT THE STUFF WITH WHICH A WHITE RAGE IS FUELED. THE COMMON REACTION WILL BE TO STAVE OFF AFFECTED BUSINESS UNTIL THE RESTRICTIONS EXPIRE. MOST OF THE BUSINESSMEN WITH WHOM THE CONSULATE GENERAL HAS BEEN IN CONTACT HAVE NOT REALLY DEVELOPED THEIR OWN OPINION OF WHAT THE MEASURES MEAN. THEY TEND TO PARROT WHICHEVER NEWSPAPER THEY NORMALLY READ WHEN PRESSED FOR COMMENT.

3. PERHAPS THE BIGGEST SURPRISE OF THE WHOLE BUSINESS IS THAT THE DC HAS EMERGED WITH ITS IMAGE SCARCELY DENTED. DC VOTERS TEND TO BE ELATED THAT THEIR PARTY SEEMS FINALLY TO BE TAKING CHARGE OF SOMETHING,BUT COMMON OBSERVATION IS THAT THE PROGRAM MAY BE STRONG ENOUGH TO BE A NUISANCE WITHOUT BEING STRONG ENOUGH TO DO ANY REAL GOOD. MANY NON-COMMUNISTS OF ALL STRIPES THINK NOW THAT ANDREOTTI, AS LONG AS HE WAS AT IT, SHOULD HAVE BEEN TOUGHER. ONE OFTEN STATED COMMENT BY NON-DC OBSERVERS IS THAT THE ROUTE THE CHRISTIAN DEMOCRATS ARE TAKING DEPENDS COMPLETELY ON THEIR CONTINUED ABILITY TO PERSUADE THE ITALIANS THAT ITALY IS IN DEEP TROUBLE. ANDREOTTI SEEMS TO HAVE THAT TALENT.

4. THE REAL HEAT IS BEING TAKEN BY THE COMMUNISTS. THEY FIND LIMITED OFFICIAL USE

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THEMSELVES IN THE EXQUISITELY EMBARRASSING POSITION OF, IN EFFECT,

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EXPLAINING TO THE RANK AND FILE WHY SOMETHING THAT THE CHRISTIAN DEMOCRATS ARE DOING IS GOOD, IF NOT NECESSARILY GOOD ENOUGH. THE STRAIN IS CAUSING OBVIOUS CRACKS IN THE PCI FACADE. IN THE

CONSULAR DISTRICT, THIS HAS BEEN MOST OBVIOUS IN PUGLIA, WHERE THE DISTASTE FOR PCI SUPPORT OF DC ECONOMIC PROGRAMS HAS BEEN STRONGEST. THE PARTY HAS HAD TO GO TO UNUSUAL LENGTHS TO MAINTAIN UNITY. RECENTLY, WHEN IT BECAME NECESSARY TO REPLACE THE PCI REGIONAL SECRETARY (THE LAST WAS ELECTED A DEPUTY) THE CENTRAL COMMITTEE CHOSE AN EMILIANO, RENZO TRIVELLI, AS HIS REPLACEMENT. MAJOR QUALIFICATION; TRIVELLI'S REPUTATION FOR BEING VERY CLOSE TO BERLINGUER. THE PCI LINE HAS CAUSED SPECIAL PROBLEMS IN ITS RELATION WITH THE CGIL. THE UNION LEADERSHIP HAS BEEN QUICK TO CLAIM THAT ITS MEMBERSHIP HAS FORCED IT TO TAKE A HARDER LINE THAN THE PARTY, BUT IT'S NOT CLEAR THAT THIS IS REALLY TRUE, AT LEAST HERE. SOMETIMES CGIL/PCI RELATIONS GO MORE SMOOTHLY, AS IN THE ILLUMINATING STORY TOLD BY A CALABRIAN ORGANIZER OF THE CISL IN A LETTER TO UNION HEADQUARTERS IN ROME A FEW DAYS AGO. THE ORGANIZER FOUND THAT HE WOULD BE UNABLE TO ATTEND A 2 HOUR SPONTANEOUS STRIKE PROTESTING THE AUSTERITY PROGRAM AT A SMALL RUBBER PRODUCTS PLANT, SUD-PNEUS, IN CROTONE LAST WEEK. SO HE ASKED

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HIS CGIL AND UIL COUNTERPARTS TO PROVIDE AN OFFICIAL UNION PRESENCE AND, PRESUMABLY, WATCH EACH OTHER. HE FINISHED HIS OTHER BUSINESS EARLY AND ARRIVED BACK AT THE FACTORY TO FIND HIS COLLEAGUES CONTENTEDLY WATCHING TWO PCI FUNCTIONARIES ADDRESS THE WORKERS ON THE VIRTUES OF THE GOVERNMENT'S AUSTERITY PROGRAM. CYNICS THINK THAT THE DC HAS CONNED THE PCI INTO THE OLD PSI ROLE. WHATEVER IT IS, THE CHRISTIAN DEMOCRATS BIT THE BULLET, BUT NOT HARD ENOUGH TO KEEP THE COMMUNISTS FROM FEELING THE PAIN. CUMMINGS

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